

TRIBUTE TO GARY M. THOMAS

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 28, 1998

Mr. SHERMAN. Mr. Speaker, I rise today to pay tribute to Gary M. Thomas, who has served as the President of the United Chambers of Commerce of the San Fernando Valley for the last two years.

Gary has worked diligently for two years to strengthen the United Chambers of Commerce. He has selflessly dedicated his time and effort to improving our community, through several leadership roles. Gary has worked to ensure the financial security of our community as a co-founder of the Economic Alliance of the San Fernando Valley and the Chairman of Mayor Richard Riordan's Valley Business Corps. In this capacity, he has initiated efforts to keep businesses located in the San Fernando Valley, while working to encourage their expansion.

Gary's expertise has been recognized by many leaders in our state. He is the Chairman of California State Assemblyman Tom McClintok's Business Advisory Commission and an invaluable member of State Assemblyman Robert Hertzberg's Business Advisory Commission.

Gary also plays an active role on the boards of directors for several of our community's most valuable organizations, including the San Fernando Valley Charitable Foundation, the Valley Leadership Institute, the advisory board for Columbia West Hospitals, the Wellness Community and the West Valley Boys and Girls Club.

Mr. Speaker, distinguished colleagues, please join me in honoring Gary M. Thomas for his dedication to maintaining and improving the quality of life in our community. We are grateful to Gary for the time he has served as President of the United Chambers of Commerce of the San Fernando Valley and wish him the best of luck in his future endeavors.

THE BUDGET

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 28, 1998

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 31, 1997, into the Congressional Record:

CELEBRATING FISCAL RESTRAINT

The most highly praised accomplishment of this past session of Congress was passage of the agreement to balance the budget by 2002. Federal budget deficits have been too large for too long, and this bipartisan agreement was a welcome development. But I am becoming increasingly concerned about comments suggesting that our fiscal problems are behind us. Despite all the talk about a balanced budget, I believe it is much too early to celebrate fiscal restraint.

Status of deficit: There is no doubt that major progress has been made on the budget deficit in recent years. Over the past five years it has been reduced from \$290 billion to \$23 billion in 1997, both because of the 1993 deficit reduction package passed by Congress

and the strong U.S. economy. The 1997 deficit was much lower than expected because federal revenues grew by nearly 9 percent while spending increased only about 2.5 percent.

In addition to the small federal budget deficit in 1997, state and local governments ran a combined budget surplus of \$29 billion. That means that the government as a whole enjoyed a budget surplus in 1997, something that has not happened for many years. Less government borrowing means lower interest rates on everything from home mortgages to car loans.

Thus far in fiscal year 1998, which began on October 1, revenues are coming in faster than expected and spending is slower than expected, so some budget experts think that the federal budget could even be balanced this year.

Concerns: Despite the progress, there are several reasons for being cautious about thinking that our country's fiscal house is in order and that the only question now is how to spend the budget surpluses.

First, progress on reducing the deficit depends heavily on the continued strength of the U.S. economy. If we are off in our assumptions about how the economy will perform in the months and years ahead, the deficit could again balloon. Even an average-size recession could add \$100 billion to the deficit for a year or two. It would be a huge mistake to pretend that the business cycle has been repealed. I've come to the conclusion that it is risky to start worrying about how to handle a surplus when we don't have it yet and it may not materialize.

Second, even with a balanced federal budget, we still have the huge accumulated federal debt to contend with. The federal debt is what was built up during each of the years in which the federal government was running a deficit, and it now stands at a huge \$3.8 trillion. The interest payments that the federal government makes on that debt are now almost \$250 billion each year. That's 15% of total federal outlays. Reducing these debt service costs through paying down the debt should be a priority.

Third, I am worried about discretionary spending increases under the balanced budget plan. Since 1990, discretionary (non-entitlement) spending—the spending that Congress passes each year on roads, defense, parks, and the like—has been frozen at around \$550 billion. Yet in 1997, spending for a host of discretionary programs was increased, for everything from health research and highway building to anti-drug efforts and the FBI.

The Balanced Budget Act of 1997 assumes that discretionary spending caps will keep spending increases less than the rate of inflation, with most of the tough decisions left to future Congresses and the next President. The assumption that these caps will be adhered to is certainly called into question by the performance during the first year. With the pent-up demand for more spending on all kinds of worthy projects we have to wonder whether fiscal restraint has come to an end.

Fourth, I am concerned about how the tax cuts in the balanced budget agreement are structured. The problem is that although in the first few years the bulk of the tax cuts go to middle-income families, backloaded tax cuts favoring higher-income households kick in later and would mushroom after 2002. Long-term the agreement will be much more costly than the deceptive figures for the early years suggest and it will become less fair. It will accentuate the income inequality that has been increasing in this country in recent years, in which the rich have gotten richer and everyone else has struggled to stay even or seen their income decline. The traditional function of the federal govern-

ment has been to lean gently against these kinds of trends in the economy. It serves as a moderator of inequality. This agreement leans the other way.

Fifth, the agreement masks the long-term problems facing entitlement spending for older persons. Over the next few years Social Security will be building up a surplus, and that surplus—which will reach \$120 billion in 2002—is one of the main reasons this budget agreement projects an overall budget surplus of \$32 billion in 2002. But everybody knows that the Social Security system is incurring large future liabilities that exceed its surpluses and that it needs major reform to avoid insolvency.

The long-range problem is that the budget is increasingly dominated by spending for older persons in the form of Social Security, Medicare, and Medicaid. These entitlement programs will rise powerfully as the baby boomers begin to retire early in the next century. Congress and the President ought to begin an attack on them now while they are much more manageable.

Conclusion: I have been quite uneasy about the self-congratulatory rhetoric that Members of Congress in both parties and the Administration have engaged in as a result of the balanced budget agreement. I supported the agreement because we're better off with it than without it. It does move us in the direction of a balanced budget, but it is much too early to claim that it eradicates the deficit. It was neither as tough nor as fair as it ought to be.

Over the past several years we have made considerable progress in reducing the deficit, and our economy is stronger as a result. It would be a large mistake to abandon that fiscal discipline as I am fearful we may be doing.

A lot more work needs to be done on balancing the discretionary part of the budget, addressing the tilt toward the wealthy in the back-loaded tax cuts, and restructuring Social Security and Medicare for the long term. Our focus should remain on these challenges, not on how to spend a non-existent surplus.

SALUTING MANTENO, IL,
CHAPTER, FFA

HON. JERRY WELLER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 28, 1998

Mr. WELLER. Mr. Speaker, I rise today to pay tribute to a fine group of young people from the Eleventh Congressional District who are members of the Future Farmers of America in Manteno, Illinois. During the 70th National FFA Convention in Kansas City, the young men and women from the Manteno FFA chapter received special recognition in the FFA's National Chapter Award Program.

The Manteno chapter was one of over 450 chapters from around the nation that was recognized for their achievements in developing their chapters program of activities. Among these activities are citizenship, community awareness and personal leadership development programs that give students a chance to work with community leaders and local organizations.

As you know Mr. Speaker, the FFA has over 7,500 local chapters across the United States and its territories serving close to a half million students. The FFA's mission is to help shape the lives of students by developing their leadership qualities, personal growth, and